



July 17, 2003

California Energy Commission  
Renewable Energy Program  
1516 Ninth Street  
Sacramento, CA 95814

RE: RPS Proceeding – Docket No. 03-RPS-1078

Dear Commissioners:

SDG&E herein submits these Comments on the Preliminary Committee Draft of the Renewables Portfolio Standard: Decision on Phase 2 Implementation Issues (“Proposed Decisions”). We appreciate the efforts of the Renewables Committee to develop the Proposed Decisions on Phase 2 issues and we support many of the Committee’s proposals to the CEC. SDG&E does have recommendations in regard to a limited number of areas set forth in the Proposed Decisions as discussed below.

**1. The CEC Should Allow Supplemental Energy Payments to be Paid for CPUC Approved Contracts with Terms Less Than Ten Years.**

SB1078 requires the CEC to “allocate and award supplemental energy payments” to “eligible renewable energy resources to cover above-market costs of renewable energy.” SB1078 and SB1038 define an eligible renewable energy resource for purposes of RPS compliance and eligibility for SEPs. Neither statute, however, limits eligibility for SEPs to contracts with terms longer than 10 years and the CEC should not impose such a limitation, which would be contrary to the eligibility requirements in SB 1078 and SB 1038, and to the direction that the CEC awards SEPs to eligible renewable energy resources to cover above-market costs.

If a renewables supplier proposes a contract with a term less than 10 years, the contract is acceptable to the utility and the CPUC approves the contract, the CEC should allow the supplier to receive SEPs for the duration of the contract. No justification exists to deny the seller the meaningful opportunity to propose a contract for a shorter term, which it may prefer or require for any number of reasons. Further, the utilities likely will need contracts of differing lengths to fulfill their RPS obligations, and they should not be required to restrict their options to contracts of 10 years or more. In the interests of utility customers, the RPS, and providing needed flexibility to suppliers and utilities, the CEC should not impose such a restriction on receipt of SEPs.

**2. SDG&E Supports The Process Set Forth To Determine The Availability of PGC Funds With Certain Clarifications.**

SDG&E agrees that the Renewables Committee has recommended an efficient process for coordinating the certification of eligible renewable energy resources, determining the availability of SEPs, and awarding SEPs as set forth in the TURN/SDG&E Joint Principles.

Pursuant to this process, SDG&E would be submitting confidential information to the CEC. SDG&E is concerned that different standards for protecting confidential information will be applied to the same information at the CEC and the CPUC. SDG&E’s support of this process, therefore, is contingent upon the same confidentiality protections used at the CPUC being used in the CEC process.

SDG&E agrees to provide the CEC with the ranking results of the least-cost/best-fit evaluation. SDG&E's understanding of the process, however, is that the CEC will not attempt to re-evaluate the least-cost/best-fit results as determined by the utility, and therefore it will not be necessary to submit additional information to the CEC in regard to the evaluation<sup>1</sup>.

**3. The CEC Should Promptly Notify The Utilities Of Any Changes In CEC Certification Of An Eligible Resource.**

SDG&E supports the CEC's process for verifying eligibility for the RPS and SEPs. In order to protect the interests of utility customers and the RPS, the CEC should diligently resolve any questions regarding a supplier's eligibility. SDG&E also recommends that the CEC establish a process for immediately notifying the affected utility, if the CEC changes a supplier's certification or the CEC is considering a potential change in certification.

**4. Public Access To Electronic Data Should Be Consistent With The Disclosure Requirements For This Data Established At The CPUC.**

The CPUC is addressing the issue of appropriate public disclosure of RPS-related information and plans to resolve the issue pursuant to Administrative Law Judge Ruling. In fact, parties have presented their views on the issue during the RPS phase of CPUC R.01-10-024. The public disclosure of this information by the CPUC and the CEC must be consistent. SDG&E, therefore, requests that the CEC disclosure requirements mirror the rules established at the CPUC, where the issue is being litigated

**5. SDG&E Supports The Development Of A Regional Electronic Tracking System.**

SDG&E strongly supports the development of an electronic regional accounting system that has the capability to verify generation and contracts from out-of-state facilities. Such a system constitutes an efficient method for verifying product claims and preventing double counting. This system also will accommodate a REC trading system when approved by the CPUC. To the extent this system is utilized to track purchases of non-eligible RPS renewables and non-renewable generation, steps should be taken to ensure that the different categories of data are segregated and tracked separately.

SDG&E respectfully requests that the CEC adopt the recommendations set forth above. We look forward to continuing to work with the CEC and the Renewables Committee on these and other RPS issues.

Sincerely,

*Bernie Crazca*

c: Tim Tutt, Technical Director  
Renewable Energy Program

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<sup>1</sup> Certain members of the CEC are members of the PRG and therefore will receive additional information, however this information is provided under the confidentiality rules applicable to the PRG process.